

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Ingesoll Township	County Midland
Fiscal Year End June 30, 2007	Opinion Date October 8, 2007	Date Audit Report Submitted to State October 29, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

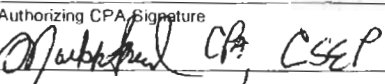
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES ☒ NO ☐ Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input checked="" type="checkbox"/>	Internal Audit Committee Letter	
Certified Public Accountant (Firm Name) Burnside & Lang, P.C.		Telephone Number (989) 835-7721	
Street Address 5915 Eastman Ave, Suite 100		City Midland	State MI
Zip 48640			
Authorizing CPA Signature 		Printed Name Mark R. Freed, CPA, CSEP	License Number 1101012221

INGERSOLL TOWNSHIP
MIDLAND COUNTY, MICHIGAN

FINANCIAL STATEMENTS
For The Year Ended June 30, 2007

INGERSOLL TOWNSHIP
BOARD OF TRUSTEES

Daniel Cline	Supervisor
Nancy Farison	Treasurer
Mary Ellen Keel	Clerk
Curtis Shaffner	Trustee
Charles W. Tabb	Trustee

POPULATION-2000
3,018

STATE EQUALIZED VALUATION-2006
\$89,953,000

STATE TAXABLE VALUE-2006
\$74,400,544

**INGERSOLL TOWNSHIP
MIDLAND COUNTY, MICHIGAN
AUDITED FINANCIAL STATEMENTS
June 30, 2007**

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Independent Auditors' Report

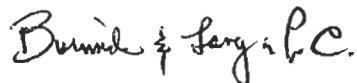
Members of the Township
Board of Trustees
Ingersoll Township
Midland County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ingersoll Township (the "Township"), Midland County, Michigan, as of and for the year ended June 30, 2007 which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's Board. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Ingersoll Township, Midland County, Michigan, as of June 30, 2007, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2 through 3 and 18 through 19, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Midland, Michigan
October 8, 2007

Management's Discussion and Analysis

As the Township Board of Ingersoll Township, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of Ingersoll Township for the fiscal year ended June 30, 2007.

Financial Highlights

- The assets of Ingersoll Township exceeded its liabilities at the close of the most recent fiscal year by \$914,721 (net assets). Of this amount, \$447,174 (unrestricted net assets) may be used to meet the Township's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, Ingersoll Township's governmental funds reported combined ending fund balances of \$579,572, a \$27,927 increase in comparison with the prior year. Of the total amount, \$572,044 is available for spending at the Township's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$439,646 or 124 percent of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Ingersoll Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

Government-wide financial statements are designed to provide readers with a broad overview of the Township's finances. Statement of net assets presents information on all of the Township's assets and liabilities and the statement of activities presents information showing how the Township's net assets changed during the most recent fiscal year.

The government-wide financial statements can be found on pages 4-5 of this report.

Ingersoll Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

Governmental fund statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Ingersoll Township maintains two individual government funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the general fund and solid waste fund, which are considered to be major funds.

The Township adopts an annual appropriated budget for its general fund and solid waste fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Ingersoll Township maintains one fiduciary fund, the Tax Collection fund. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Township's own programs.

The basic fiduciary fund financial statements can be found on page 10 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 11-17 of this report.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget means further reductions in state-shared revenues. State-shared revenues are expected to decrease in the 2007-2008 fiscal year. The Township budgeted for a decrease in state-shared revenue, but additional cuts have already been made and more cuts are expected before the end of the fiscal year. The Township's millage rate remained at the previous years' millage rate of 1.1704 mills for general operating purposes. These factors were considered in preparing the Township's budget for the 2007-2008 fiscal year.

Request for Information

This financial report is designed to provide a general overview of Ingersoll Township's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the Clerk of Ingersoll Township, 4183 S. Smith Crossing Road, Freeland, MI 48623, or phone (989) 695-5200.

INGERSOLL TOWNSHIP
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
June 30, 2007

ASSETS

Cash and cash equivalents	\$ 725,172
Other receivables	645
Other current assets	7,528
Capital assets:	
Land and improvements, net	181,601
Buildings and improvements, net	120,940
Equipment, net	32,608
Total capital assets	<u>335,149</u>
Total assets	<u>1,068,494</u>

LIABILITIES

Accounts payable	<u>153,773</u>
Total liabilities	<u>153,773</u>

NET ASSETS

Invested in capital assets, net of related debt	335,149
Restricted for:	
Sanitation	132,398
Unrestricted	447,174
Total net assets	<u>\$ 914,721</u>

The accompanying notes are an integral part of these financial statements.

INGERSOLL TOWNSHIP
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year Ended June 30, 2007

Activities:	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General Government:					
Township board	\$ 19,785	\$ -	\$ -	\$ -	\$ (19,785)
Supervisor	13,937	-	-	-	(13,937)
Treasurer	27,177	-	-	-	(27,177)
Assessing	19,822	-	-	-	(19,822)
Clerk	32,280	-	-	-	(32,280)
Board of review	1,365	-	-	-	(1,365)
Buildings and grounds	34,689	16,659	-	-	(18,030)
All other general government	9,265	384	-	-	(8,881)
Fire protection	21,316	-	-	-	(21,316)
Building inspection and regulation activities	15,291	23,737	-	-	8,446
Cemetery	15,376	-	-	-	(15,376)
Roads	121,860	-	-	-	(121,860)
Street lights	2,359	-	-	-	(2,359)
Drains	6,860	-	-	-	(6,860)
Sanitation, solid waste	122,633	127,495	-	-	4,862
Planning and zoning	8,603	-	-	-	(8,603)
Library	15,340	-	-	-	(15,340)
Total governmental activities	\$ 487,958	\$ 168,275	\$ -	\$ -	(319,683)
General revenues:					
Property taxes, levied for general purposes					102,208
Property tax agreement with the City of Midland					766
State revenue sharing					206,915
Interest earnings					14,187
Miscellaneous					12,311
Total general revenues					336,387
Change in net assets					16,704
Net assets-beginning					898,017
Net assets-ending					\$ 914,721

The accompanying notes are an integral part of these financial statements.

INGERSOLL TOWNSHIP
GOVERNMENTAL FUNDS BALANCE SHEET
June 30, 2007

	General Fund	Sanitation Fund	Total
ASSETS			
Cash and cash equivalents	\$ 578,233	\$ 146,939	\$ 725,172
Due from other funds	645	-	645
Prepaid items	7,528	-	7,528
Total assets	\$ 586,406	\$ 146,939	\$ 733,345
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	\$ 139,232	\$ 14,541	\$ 153,773
Total liabilities	139,232	14,541	153,773
Fund Equity:			
Fund balance:			
Reserved for prepaid expenditures	7,528	-	7,528
Unreserved and undesignated	439,646	132,398	572,044
Total fund balances	447,174	132,398	579,572
Total liabilities and fund equity	\$ 586,406	\$ 146,939	\$ 733,345

The accompanying notes are an integral part of these financial statements.

INGERSOLL TOWNSHIP
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2007

Total fund balances for governmental funds (Exhibit 4)	\$	579,572
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Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land and improvements, net	\$	181,601	
Buildings and improvements, net		120,940	
Equipment, net		<u>32,608</u>	
Total capital assets			<u>335,149</u>

Total net assets of governmental activities (Exhibit 2)	\$	<u>914,721</u>
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The accompanying notes are an integral part of these financial statements.

INGERSOLL TOWNSHIP
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES
For the Year Ended June 30, 2007

	<u>General Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>
REVENUES			
Property taxes	\$ 102,974	\$ 124,796	\$ 227,770
Licenses and permits	23,737	-	23,737
State aid	206,915	-	206,915
Charges for services	384	-	384
Interest and dividends	14,187	2,699	16,886
Rents and royalties	16,659	-	16,659
Fire Run Reimbursements	3,283	-	3,283
Voting Machine Replacement Reimbursement	6,400	-	6,400
Sale of assets	1,200	-	1,200
Miscellaneous	1,704	-	1,704
Total revenues	<u>377,443</u>	<u>127,495</u>	<u>504,938</u>
EXPENDITURES			
General Government:			
Township board	19,785	-	19,785
Supervisor	13,937	-	13,937
Treasurer	27,169	-	27,169
Assessing	19,283	-	19,283
Clerk	31,987	-	31,987
Board of review	1,365	-	1,365
Buildings and grounds	25,435	-	25,435
All other general government	9,180	-	9,180
Public Safety:			
Fire protection	21,316	-	21,316
Building inspection and regulation activities	15,291	-	15,291
Public Works:			
Cemetery	14,608	-	14,608
Roads and drains	121,860	-	121,860
Landfill	1,443	121,190	122,633
Drains	6,860	-	6,860
Street lights	2,359	-	2,359
Community Development:			
Planning and zoning	8,603	-	8,603
Recreation and Culture:			
Library	15,340	-	15,340
Total expenditures	<u>355,821</u>	<u>121,190</u>	<u>477,011</u>
Excess (deficiency) of revenues over expenditures	21,622	6,305	27,927
Fund balances-beginning	<u>425,552</u>	<u>126,093</u>	<u>551,645</u>
Fund balances-ending	<u>\$ 447,174</u>	<u>\$ 132,398</u>	<u>\$ 579,572</u>

The accompanying notes are an integral part of these financial statements.

**INGERSOLL TOWNSHIP
RECONCILIATION OF THE STATEMENT OF REVENUE,
EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
June 30, 2007**

Net change in fund balances - total governmental funds (Exhibit 5)	\$ 27,927
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The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$0) exceeded depreciation (\$10,947) and a gain on sale (\$276), in the current period.

(11,223)

Change in net assets of governmental activities (Exhibit 3)	\$ 16,704
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16,704

The accompanying notes are an integral part of these financial statements.

INGERSOLL TOWNSHIP
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND
June 30, 2007

	<u>Tax Collection</u>
ASSETS	
Cash and cash equivalents	\$ 645
Total assets	<u>645</u>
LIABILITIES	
Due to other funds	<u>645</u>
Total liabilities	<u>645</u>
NET ASSETS	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

**INGERSOLL TOWNSHIP
MIDLAND COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2007**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township:

A. Reporting Entity

The Township is governed by an elected five-member board. The accompanying financial statements present the Township operations for which the government is considered to be financially accountable. The Township has no component units and is not responsible for any jointly governed organizations.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contribution that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**INGERSOLL TOWNSHIP
MIDLAND COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2007**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The Township property tax is levied each December 1st on the taxable valuation of property (as defined by State statutes) located in the Township as of the preceding December 31st. Although the Township's 2005 ad valorem tax is levied and collectible on December 1, 2006, it is the Township's policy to recognize revenue from the current tax levy in the subsequent year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period.

The 2006 taxable valuation of the Township totaled \$74,400,544, on which ad valorem taxes levied consisted of 1.1991 mills for Township operating purposes. This amount is recognized in the General Fund as current tax revenue.

The government reports the following major funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Sanitation Fund accounts for providing garbage and rubbish collection financed by an annual special assessment.

Additionally, the government reports the following fund type:

The Current Tax Collection Fund is used to account for resources held by the Township in a purely custodial capacity. Money in this fund is from current tax and special assessment collections. Timely distribution to the appropriate fund and local unit must be made in accordance with Section 43 of the General Property Tax Act.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

**INGERSOLL TOWNSHIP
MIDLAND COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2007**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)**

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

D. Assets, Liabilities, and Net Assets

Bank Deposits and Investments—Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables—In general, outstanding balances between funds are reported as “due to/from other funds. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds.

All trade and property tax receivables are shown net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Prepaid Items—Certain payments to vendors reflect cost applicable to future years and are recorded as prepaid items in the government-wide and fund statements.

Capital Assets—Capital assets, which include property, plant, and equipment are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	10 to 40 years
Building improvements	10 to 30 years
Hall equipment	5 to 30 years
Office equipment	5 to 30 years
Computer equipment	5 years

**INGERSOLL TOWNSHIP
MIDLAND COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2007**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets (Continued)

Long-Term Obligations—In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity—In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information—Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the debt service funds. All annual appropriations lapse at fiscal year end. The budget document presents information by fund, function, department or activity, and line items. The legal level of budgetary control adopted by the governing body is the department or activity level.

Excess of Expenditures Over Appropriations in Budgeted Funds—During the year, the Township incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

<u>Budgeted Item</u>	<u>Budget Appropriation</u>	<u>Actual Expenditure</u>
General Fund- Assessing	\$ 18,349	\$ 19,283
General Fund- Roads	78,780	121,860

**INGERSOLL TOWNSHIP
MIDLAND COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2007**

NOTE 3. DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers acceptances of United States banks' commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township Board has designated three banks for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and certificates of deposit, but not the remainder of State statutory as listed above.

The Township's deposits and investment policy are in accordance with statutory authority.

At year-end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities
Cash and cash equivalents	<u><u>\$ 725,172</u></u>

Investment and Deposit Risk

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$725,172 of bank deposits (checking and savings accounts), of which \$284,043 were potentially uninsured and uncollateralized.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, that the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year end, the Township had no investments.

Interest Rate Risk – Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. State law limits the allowable investments and the maturities of some of the allowable investments. The Authority's current investments have no potential interest rate risk.

**INGERSOLL TOWNSHIP
MIDLAND COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2007**

NOTE 4. CAPITAL ASSETS

Capital asset activity of the Township for the current year was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 181,601	\$ -	\$ -	\$ 181,601
Capital Assets Being Depreciated				
Buildings	217,089	-	-	217,089
Equipment – Township	101,951	-	(2,448)	99,503
Subtotal	319,040	-	(2,448)	316,592
Less Accumulated Depreciation for				
Buildings	90,226	5,923	-	96,149
Equipment – Township	64,043	5,024	2,172	66,895
Subtotal	154,269	10,947	(2,172)	163,044
Net Capital Assets Being Depreciated	164,771	(10,947)	(276)	153,548
Governmental Activities Capital Assets–Net of Depreciation	<u>\$ 346,372</u>	<u>\$ (10,947)</u>	<u>\$ (276)</u>	<u>\$ 335,149</u>

Depreciation expense was charged to programs of the Township as follows:

General government:

Treasurer	\$ 8
Assessing	539
Clerk	293
Buildings and grounds	9,254
All other general government	85
Cemetery	768
	<u>\$ 10,947</u>

**INGERSOLL TOWNSHIP
MIDLAND COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2007**

NOTE 5. INTERFUND RECEIVABLES AND PAYABLES

The amount of inter-fund receivables and payables are as follows:

<u>Fund</u>	<u>Inter-fund Receivable</u>	<u>Fund</u>	<u>Inter-fund Payable</u>
General	\$ 645	Tax	\$ 645
Total	<u>\$ 645</u>	Total	<u>\$ 645</u>

NOTE 6. RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers compensation). The Township has purchased commercial insurance for these types of claims. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

NOTE 7. PENSION PLAN

The Township provides pension benefits to members of the Township Board of Trustees, constables, building inspector, fire chief and custodian through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Township contributes 7% of employee gross earnings and the employee contributes 7% of earnings. In accordance with these requirements, the Township contributed \$4,906 during the current year and employees contributed \$4,906.

NOTE 8. URBAN COOPERATION ACT AGREEMENT

The Township has agreements with the City of Midland under the Urban Cooperation Act, which require these two units of government to share property taxes collected on real property annexed by the City of Midland and formerly within Ingersoll Township. Under the agreements, the City of Midland is required to pay the Township a portion of ad valorem property taxes levied on the related real property as of the date specified in the agreements and indexed by the rate of inflation for succeeding years.

INGERSOLL TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 100,480	\$ 100,480	\$ 102,974	\$ 2,494
Licenses and permits	19,300	19,300	23,737	4,437
State aid	212,000	212,000	206,915	(5,085)
Charges for services	1,550	1,550	384	(1,166)
Interest and dividends	10,164	10,164	14,187	4,023
Rents and royalties	16,850	16,850	16,659	(191)
Fire Run Reimbursements	2,000	2,000	3,283	1,283
Voting Machine Replacement Reimbursement	-	-	6,400	6,400
Sale of assets	1,000	1,000	1,200	200
Miscellaneous	300	300	1,704	1,404
Total revenues	363,644	363,644	377,443	13,799
EXPENDITURES				
General Government:				
Township board	26,625	26,625	19,785	6,840
Supervisor	17,367	17,367	13,937	3,430
Treasurer	31,012	31,012	27,169	3,843
Assessing	18,349	18,349	19,283	(934)
Clerk	35,205	35,205	31,987	3,218
Board of review	1,998	1,998	1,365	633
Buildings and grounds	28,653	28,653	25,435	3,218
All other general government	17,200	17,200	9,180	8,020
Public Safety:				-
Fire protection	26,600	26,600	21,316	5,284
Building inspection and regulation activities	16,039	16,039	15,291	748
Public Works:				-
Cemetery	26,856	26,856	14,608	12,248
Roads	78,750	78,750	121,860	(43,110)
Landfill	2,226	2,226	1,443	783
Drains	6,900	6,900	6,860	40
Street lights	2,575	2,575	2,359	216
Community Development:				-
Planning and zoning	16,596	16,596	8,603	7,993
Recreation and Culture:				-
Library	16,500	16,500	15,340	1,160
Contingency fund	16,200	16,200	-	16,200
Total expenditures	385,651	385,651	355,821	29,790
Excess (deficiency) of revenues over expenditures	(22,007)	(22,007)	21,622	43,589
Fund balances-beginning	425,552	425,552	425,552	-
Fund balances-ending	\$ 403,545	\$ 403,545	\$ 447,174	\$ 43,589

**INGERSOLL TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
SANITATION FUND
For the Year Ended June 30, 2007**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 126,050	\$ 126,050	\$ 124,796	\$ (1,254)
Interest and dividends	2,320	2,320	2,699	379
Total revenues	128,370	128,370	127,495	(875)
EXPENDITURES				
Public Works:				-
Landfill	130,000	130,000	121,190	8,810
Total expenditures	130,000	130,000	121,190	8,810
Excess (deficiency) of revenues over expenditures	(1,630)	(1,630)	6,305	7,935
Fund balances-beginning	126,093	126,093	126,093	-
Fund balances-ending	\$ 124,463	\$ 124,463	\$ 132,398	\$ 7,935

October 8, 2007

Members of the Township Board
of Trustees
Midland County, Michigan

Dear Board Members:

In planning and performing our audit of the financial statements of Ingersoll Township, for the year ended June 30, 2007, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control. However, we noted certain matters involving the internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect the Township's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that we believe to be material weaknesses.

REPORTABLE CONDITIONS

Significant Deficiencies in Internal Controls

Financial Accounting and Reporting

Management relies on the Township's auditors to ensure the financial statements conform to generally accepted accounting principles ("GAAP"). Therefore, as a part of our engagement to audit the financial statements, we draft the financial statements and the related footnotes for approval by management and the finance committee of the board of directors. This is a conscious and practical approach to preparing the financial statements since the Township has determined that the costs to established internal controls over financial reporting and to develop the skills and knowledge of its personnel to apply generally accepted accounting principles in preparing the financial statements is greater than the risk of misstatements occurring in the financial statements. However, as a result of recently issued professional auditing standards, this situation meets the definition of a significant deficiency and a material weakness in internal control.

Financial Accounting and Reporting (continued)

The interim financial statements and management reports are generally prepared on a comprehensive basis of accounting other than generally accepted accounting principles, i.e. the modified accrual basis. It appears that the interim financial reports received by management are appropriate in form and content thereby allowing management to make appropriate decisions regarding financial matters. Therefore, the control weakness over preparation of financial statements in conformity with GAAP is not a significant requirement of management.

We considered this internal control deficiency in planning the scope of our audit procedures and believe that we have appropriately addressed the risk of any misstatements in the audited financial statements. Therefore, due to the relative cost to eliminate the internal control deficiency over financial reporting in conformity with GAAP related to the risks involved and considering the audit procedures performed to address the risk of misstatements in the audited financial statements, we do not recommend any actions to address this weakness at this time. However, we do recommend that management routinely review the internal controls in place to prepare the interim financial reports to ensure accurate information is provided in those reports.

OTHER MATTERS

The following items, although not considered reportable conditions, are matters we believe worthy of your consideration.

Financial Oversight

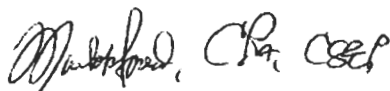
The general limitations in any smaller municipalities like Ingersoll Township requires that the Township Board of Trustee members continue to remain involved in the financial affairs of the Township through oversight of operation, development of the annual budget, inquiries about variance between budgeted and actual amounts shown in the financial statements, and the independent review of critical functions. Our comment here is intended to emphasize the importance of this oversight.

CONCLUSION

These conditions were considered in determining the nature, timing, and extent of the audit tests applied on our audit of the June 30, 2007, financial statements, and this report does not affect our report on those financial statements dated October 8, 2007. We have not considered internal control since the date of our report.

This report is intended for the information of the members of the Township Board, management and the State of Michigan, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Sincerely,

A handwritten signature in dark ink, appearing to read "Mark Burnside", with a stylized flourish at the end.

BURNSIDE & LANG, P.C.

October 8, 2007

Members of the Township
Board of Trustees
Ingersoll Township
Midland, Michigan

This letter is intended to inform the Board of Trustees of Ingersoll Township about significant matters related to the conduct of the annual audit so that it can appropriately discharge its oversight responsibility, and that we comply with our professional responsibilities to the Board of Trustees.

The following summarizes various matters which must be communicated to you under U.S. generally accepted auditing standards.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

Our audit of the financial statements of Ingersoll Township for the year ended June 30, 2007 was conducted in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error, fraudulent financial reporting or misappropriation of assets. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Accordingly, the audit was designed to obtain reasonable, rather than absolute, assurance about the financial statements. We believe that our audit accomplished that objective.

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based on management's current knowledge. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. Management has informed us that they used all the relevant facts available to them at the time to make the best judgment about accounting estimates, and we considered this information in the scope of our audit. These estimates are relatively insignificant in relation to the financial statements taken as a whole.

Board of Trustees

Audit & Assurance Services ■ Accounting & Finance Services ■ Estate & Gift Tax Planning & Consulting
Tax Planning & Preparation ■ Financial & Management Assistance ■ Business Valuations

Audit Adjustments

There were audit adjustments made to the original trial balance presented to us to begin our audit. In our judgment, the adjustments we proposed, either individually or in the aggregate, are not considered to have a significant effect on the Township's financial reporting process. A copy of all audit adjustments accompany this letter.

Accounting Policies and Alternative Treatments

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Township. The Township did not adopt any significant new accounting policies nor have there been any changes in existing significant accounting policies during the current period which should be brought to your attention for approval.

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

Consultation with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing related matters.

Major Issues Discussed with Management Prior to Retention

No major issues were discussed with management prior to our retention to perform the aforementioned audit.

Difficulties Encountered in Performing the Audit

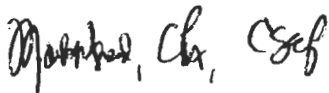
We encountered no significant difficulties in dealing with management in the performance of our audit.

Board of Trustees
Ingersoll Township
October 8, 2007
Page 3

Other Matters

Internal Control Policies

Statement on Auditing Standard (SAS) No. 99, requires auditors to assess risks of fraud after taking into account the evaluation of the townships programs and controls to prevent, deter and detect fraud. As part of our responsibilities under SAS 99, we have addressed the risk assessment by performing inquiries, completing comprehensive checklists and performing other procedures designed to detect fraud risk factors. SAS 99 further states that it is management's responsibility for designing and implementing effective systems and procedures for preventing, deterring and detecting fraud. While we did not identify any specific fraud risks, we recommend the Township periodically review the controls in place to prevent, deter and detect fraud.

A handwritten signature in black ink, appearing to read "Matthew Ch. Cef".

BURNSIDE & LANG, P.C.
Midland, Michigan
October 8, 2007